



PUBLIC NOTICE

Federal Communications Commission
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DA 02-1736

July 29, 2002

**PETITION FOR WAIVER OF THE INTERNATIONAL SETTLEMENTS POLICY FOR
A CHANGE IN ACCOUNTING RATE FOR INTERNATIONAL MESSAGE
TELEPHONE SERVICES WITH TELEFONOS DE MEXICO S.A. DE C.V.**

**Pleading Cycle Established
ISP-WAV-20020705-00022**

**Comments/Petitions Due: August 28, 2002
Responses/Oppositions Due: September 12, 2002**

Williams Communications, LLC (“Williams”) has filed a petition to waive the Commission’s International Settlements Policy (“ISP”) to lower the accounting rate for International Message Telephone Services (“IMTS”) between Williams and its correspondent in Mexico, Telefonos de Mexico S.A. de C.V. (“Telmex”).¹ Williams has requested a waiver of the ISP in order to implement a proposed settlement rate reduction between Williams and Telmex for traffic exchanged between the United States and Mexico.

The average settlement rate currently in effect with Telmex is US \$0.19 per minute. Williams has submitted to the Commission a proposed agreement with Telmex reflecting reductions in the settlement rate for certain traffic between Williams and Telmex. Williams states that the proposed agreements would reduce settlement rates with Telmex as follows: For the period January 1, 2001 through December 31, 2001 each party will pay the proposed average total settlement rate of \$0.155 per minute. For the period January 1, 2002 through February 28, 2002, each party will pay the proposed average total settlement rate of \$0.135 per minute. For the period March 1, 2002 through December 31, 2003, the proposed rates to be paid by Williams to Telmex (“southbound”) would be divided into three different rates for different locations in Mexico,² and all traffic sent by Telmex to Williams (“northbound”) would be settled at \$0.055

¹ *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed June 24, 2002) (*Williams Petition*).

² Williams states that the proposed agreement calls for: (1) a settlement rate of \$0.055 per minute for IMTS traffic terminating in the three largest cities in Mexico (Mexico City, Guadalajara and Monterrey); (2) a settlement rate of \$0.085 for IMTS traffic terminating in roughly 150 large and medium sized cities

per minute.³ Williams' proposed settlement rate reductions is detailed in the Supplementary Data Statement of their petitions (see Attachment below).

Williams argues that the Commission may find good cause to waive the ISP to allow implementation of the proposed rates.⁴ Williams states that the rates proposed are lower than the existing \$0.19 settlement rate.⁵ As such, Williams argues that waiving the ISP to permit the proposed settlement rate agreement with Telmex to go into effect would promote the public interest.⁶ Williams notes that WorldCom, SBCS, Sprint and AT&T have filed petitions with the Commission to implement similar rates with Telmex and that Telmex has offered similar rates to other U.S. carriers.⁷

Pursuant to Sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415, 1.419, interested parties may file comments on or before **August 28, 2002**, and reply comments on or before **September 12, 2002**. Any filings should reference the file number of the proceeding. **An original and four copies** of all pleadings must be filed in accordance with Section 1.51(c) of the Commission's rules, 47 C.F.R. § 1.51(c).

in Mexico; and (3) a settlement rate of \$0.1175 for IMTS traffic terminating in all other locations in Mexico. *Williams Petition* at 2.

³ Williams also states that the proposed agreement calls for a \$0.11 settlement rate for Home Country Direct, Inbound 800 (International Freephone) and Received Collect traffic for both the northbound and southbound routes. *Williams Petition* at 2.

⁴ *Williams Petition* at 2.

⁵ *Williams Petition* at 2 (citing *1998 Biennial Regulatory Review, Reform of the International Settlements Policy and Associated Filing Requirements*, Report and Order and Order on Reconsideration, 14 FCC Rcd 7963, 7993, ¶ 80 (1999)). Williams also notes WorldCom's estimate that these lower rates will generate cost savings of over \$550 million for the years 2001 through 2003. *Williams Petition* at 2 (citing *Petition for Waiver of the International Settlements Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V* at 2 (Mar. 21, 2002)).

⁶ *Williams Petition* at 2. Williams further argues that the proposed arrangement is tailored to reflect varying levels of competition for terminating traffic at different locations in Mexico which "comports with the Commission's long-standing policy of encouraging settlement rates that reflect market dynamics." *Williams Petition* at 2-3 (citing *International Settlement Rates*, Report and Order, 12 FCC Rcd. 19806 (1997), *aff'd sub. nom, Cable & Wireless et al. v. FCC*, 166 F.3d 1224 (D.C. Cir. 1999) (*ISR Order*)). Williams also argues that the proposed agreement "moves closer to achieving the Commission's goal of having cost-based settlement rates so that consumers have more choices, receive better quality service, and pay lower rates for international telecommunications services." *Williams Petition* at 3 (citing *ISR Order*, 12 FCC Rcd at 19810, ¶ 7).

⁷ *Williams Petition* at 3. Williams notes that, because Telmex has offered the same terms and conditions to other U.S. carriers, "the proposed agreement is non-discriminatory... [and] Telmex has not 'whipsawed any U.S. carriers.'" Williams also notes that, as a part of the proposed agreement, Telmex has promised to request the elimination of certain Mexican regulations to ensure fully competitive negotiations of international termination rates on the U.S.-Mexico route by January 1, 2004. *Williams Petition* at 3.

If filed by hand delivery, the Commission's contractor, Vistrionix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.

If filed by mail, the following procedures should be followed: Commercial Overnight Mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. **U.S. Postal Service first-class mail, Express Mail, and Priority Mail** should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) The Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: 202 863-2893.
- (2) George Li, Policy Division, International Bureau, 445 12th Street, S.W., Room 6-A761, Washington, D.C. 20554; e-mail: gli@fcc.gov;
- (3) Claudia Fox, Policy Division, International Bureau, 445 12th Street, S.W., Room 6-A848, Washington, D.C. 20554; e-mail: cfox@fcc.gov;
- (4) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 6-A847, Washington, D.C. 20554; e-mail: soconnel@fcc.gov;
- (5) David Strickland, Policy Division, International Bureau, 445 12th Street, S.W., Room 5-C848, Washington, D.C. 20554; e-mail: dstrickland@fcc.gov.
- (6) Gardner Foster, Policy Division, International Bureau, 445 12th Street, S.W., Room 3-A625, Washington, D.C. 20554; e-mail: gfoster@fcc.gov.

Copies of the application and any subsequently-filed documents in this matter may be obtained from Qualex International, in person at 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, via telephone at (202) 863-2893, via facsimile at (202) 863-2898, or via e-mail at qualexint@aol.com. The application and any associated documents are also available for public inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554.

For further information, contact Gardner Foster, International Bureau, at (202) 418-1460.

ATTACHMENT